

**COUNTY OF SAN DIEGO
COUNTY OVERSIGHT BOARD**

REGULAR MEETING

OCTOBER 12, 2012, 9:30 A.M.

County Administration Center, Room 302
1600 Pacific Highway, San Diego, California 92101

- A. Call to Order
- B. Roll Call
- C. Approval of Statement of Proceedings/Minutes of October 5, 2012.
- D. Public Communication Speakers: Members of the public may address the Oversight Board on subject matters within the Board's jurisdiction, but not an item on this agenda. Each speaker is limited to two minutes.
- E. Discussion Item(s)
- F. Action Item(s)
 - 1. Adopt a Resolution Approving the Low- and Moderate-Income Housing Funds Due Diligence Review
 - 2. Adopt a Resolution Approving the Revised Recognized Obligation Payment Schedule (ROPS III) for January-June 2013
- G. Communications Received
- H. Future Agenda Item(s)
- I. Set Future Meeting Date(s)
- J. Adjournment

Supporting documentation and attachments for items listed on this agenda can be viewed online at www.sdcountry.ca.gov or in the Office of the Clerk of the Board of Supervisors at the County Administration Center, 1600 Pacific Highway, Room 402, San Diego, CA 92101.

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**MINUTES
COUNTY OF SAN DIEGO
COUNTY OVERSIGHT BOARD**

**REGULAR MEETING
OCTOBER 5, 2012, 9:30 A.M.**

County Administration Center, Room 302
1600 Pacific Highway, San Diego, California 92101

A. Call to Order at 9:33 a.m.

B. Roll Call

PRESENT: Vice-Chairman Scott Patterson; Secretary Robert Schiwitz (arrived at 10:06 a.m.); Board Member Bonnie Dowd; Board Member Kathy Kassel; and Board Member Mario Sanchez; also Chief Deputy Clerk Andrew Potter; Community Services Group Finance Director Kaye Hobson; Senior Deputy County Counsel Mark Mead; and Attorney At Law Valerie Tehan.

ABSENT: Chairman Matt Schneider; Board Member Jo Marie Diamond

C. Approval of Statement of Proceedings/Minutes of August 23, 2012.

ACTION:

ON MOTION of Member Sanchez, seconded by Member Kassel, the Oversight Board approved the Statement of Proceedings/Minutes of August 23, 2012.

AYES: Kassel, Patterson, Sanchez, Schiwitz

ABSENT: Diamond, Schneider

ABSTAIN: Dowd

D. Public Communication Speakers: Members of the public may address the Oversight Board on subject matters within the Board's jurisdiction, but not an item on this agenda. Each speaker is limited to two minutes.

There were no public communication speakers.

E. Discussion Items

1. Noticed Public Hearing - Transfer of Housing Assets to Housing Successor

ON MOTION of Member Dowd, seconded by Member Sanchez, the Oversight Board directed the Successor Agency to transfer housing assets to the County of San Diego, as required by AB 1484 and adopted Resolution OB2012-03, entitled, "A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD RELATED TO THE TRANSFER OF HOUSING ASSETS."

AYES: Dowd, Kassel, Patterson, Sanchez
ABSENT: Diamond, Schiwitz, Schneider

2. Receive Low- and Moderate-Income Housing Funds Due Diligence Review

ON MOTION of Member Dowd, seconded by Member Sanchez, the Oversight Board received the Low- and Moderate-Income Housing Funds Agreed-Upon Procedures Due Diligence Review.

AYES: Dowd, Kassel, Patterson, Sanchez
ABSENT: Diamond, Schiwitz, Schneider

3. Receive Agreed-Upon Procedures Review

ON MOTION of Member Dowd, seconded by Member Kassel, the Oversight Board received the Agreed-Upon Procedures Review as provided by the County of San Diego and the independent auditing firm.

AYES: Dowd, Kassel, Patterson, Sanchez, Schiwitz
ABSENT: Diamond, Schneider

4. Receive Administrative Budget for January-June 2013

ON MOTION of Member Dowd, seconded by Member Kassel, the Oversight Board received the Administrative Budget for January-June 2013.

AYES: Dowd, Kassel, Patterson, Sanchez, Schiwitz
ABSENT: Diamond, Schneider

F. Communications Received

There were no communications submitted to the Oversight Board.

G. Set Future Meeting Date(s)

Ms. Hobson indicated that future meetings may be scheduled between December 15, 2012 and January 15, 2013. The next scheduled meeting of the Oversight Board is October 12, 2012 at 9:30 a.m. in Room 302 of the County Administration Center.

H. Adjournment

There being no further business, ON MOTION of Member Dowd, the Board adjourned at 10:40 a.m.

THOMAS J. PASTUSZKA
Clerk of the Board of Supervisors
County of San Diego, State of California

BY: ANDREW J. POTTER
Chief Deputy Clerk of the Board of Supervisors
County of San Diego, State of California

Discussion: Potter

NOTE: These Minutes set forth all actions taken by the County of San Diego Oversight Board on the matters stated, but not necessarily the chronological sequence in which the matters were taken up.

Supporting documentation and attachments for items listed on this agenda can be viewed online at www.sdcounty.ca.gov or in the Office of the Clerk of the Board of Supervisors at the County Administration Center, 1600 Pacific Highway, Room 402, San Diego, CA 92101.



COUNTY OF SAN DIEGO

AGENDA ITEM

COUNTY OVERSIGHT BOARD

COUNTY OVERSIGHT BOARD

JO MARIE DIAMOND

DR. BONNIE DOWD

KATHY KASSEL

SCOTT PATTERSON

MARIO SANCHEZ

ROBERT SCHIWITZ

MATT SCHNEIDER

DATE: October 12, 2012

F1

TO: County of San Diego Oversight Board

SUBJECT: ADOPT A RESOLUTION APPROVING THE LOW- AND MODERATE-INCOME HOUSING FUNDS DUE DILIGENCE REVIEW

SUMMARY:

Overview

The Redevelopment Agency of the County of San Diego was dissolved on January 31, 2012. On January 24, 2012 (14), the County of San Diego was established as the Successor Agency to oversee the wind-down of the former redevelopment agency's operations following the steps established by AB 1X26, the Dissolution Act, to preserve assets, fulfill legally binding commitments, oversee the termination of activities, and return resources expeditiously to the affected taxing entities. At that meeting, the Board also selected the County of San Diego to retain the housing functions and housing assets. Since that time, and as required by the Dissolution Act, the Oversight Board has been selected and met to take actions to remain in compliance with legislation and State Department of Finance and State Controller procedures.

AB 1484, effective June 27, 2012 as a trailer bill to the Fiscal Year 2012-13 State budget, set forth new and accelerated deadlines for actions to be taken by the Oversight Board, and cash payments to be made to the affected taxing entities, and also made changes to other elements of the dissolution process, such as the definition of housing assets. Other requirements of the dissolution process include agreed-upon procedures for "due diligence" reviews of the assets and obligations of the former redevelopment agency, preparatory to the transfer of excess cash to the affected taxing entities, and the transfer of housing assets. The first of these reviews, which was to be completed by October 1, 2012, concerns the Low- and Moderate-Income Housing Fund (LMIHF) and identifies \$1,441,974 to be transferred to the County Auditor and Controller. On October 5, 2012, the Oversight Board convened a public comment session on the LMIHF review and the Board is requested to adopt the resolution today following any additional public comment.

SUBJECT: ADOPT A RESOLUTION APPROVING THE LOW- AND MODERATE-INCOME HOUSING FUNDS DUE DILIGENCE REVIEW

Recommendation(s)

COUNTY SUCCESSOR AGENCY

Adopt the resolution entitled A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD APPROVING THE LOW- AND MODERATE-INCOME HOUSING FUNDS DUE DILIGENCE REVIEW.

Fiscal Impact

If approved, funds of \$1,441,974 will be transferred from the Low- and Moderate-Income Housing Funds to the County Auditor and Controller for distribution to affected taxing entities.

BACKGROUND:

AB 1484 made both technical and substantive changes to the original dissolution process. Significant changes that affect the County Successor Agency (SA) include accelerated deadlines, substantial monetary penalties for non-compliance, cash payments of former redevelopment agency tax increment, requirements for new agreed-upon procedures "due diligence" reviews by certified accountants, and public notice period for asset transfers.

AB 1484 requires the "due diligence review" by a "licensed accountant" approved by the County Auditor and Controller (A&C) of all SA funds. The purpose of the reviews, whose agreed-upon procedures have been issued by the State Department of Finance (DOF), is to determine the amount of money available for transfer to A&C for eventual distribution to affected taxing entities. The first of the AB 1484 reviews was due to be completed by October 1, 2012, for the Low-and Moderate-Income Housing Funds (LMIHF).

On October 5, 2012 (2), the Oversight Board opened the public comment period for the LMIHF review. Today's request is for the Oversight Board of Directors to adopt the resolution approving the Low- and Moderate-Income Housing Funds Due Diligence Review. Both the Oversight Board and the DOF (after considering the opinions of the A&C and the State Controller) may make changes to the amount to be transferred, and a meet-and-confer process may occur to resolve disputes between the SA and the DOF. LMIHF funds are anticipated to be transmitted to A&C no later than November 15, 2012.

The remaining non-housing funds will be reviewed and reported over the period of December 15, 2012 to January 15, 2013.

Respectfully submitted,

WALTER F. EKARD



By
DAVID ESTRELLA
Deputy Chief Administrative Officer

SUBJECT: ADOPT A RESOLUTION APPROVING THE LOW- AND MODERATE-
INCOME HOUSING FUNDS DUE DILIGENCE REVIEW

ATTACHMENT(S)

A - Low- and Moderate-Income Housing Fund Due Diligence Review

B - Resolution

SUBJECT: ADOPT A RESOLUTION APPROVING THE LOW- AND MODERATE-
INCOME HOUSING FUNDS DUE DILIGENCE REVIEW

AGENDA ITEM INFORMATION SHEET

PREVIOUS RELEVANT BOARD ACTIONS:

October 5, 2012 (2), receive Low- and Moderate Income Housing Funds Due Diligence Review and opened public comment period.

CONTACT PERSON(S):

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**SUCCESSOR AGENCY OF
THE REDEVELOPMENT AGENCY OF THE
COUNTY OF SAN DIEGO**

**AGREED UPON PROCEDURES – AB1484
LOW & MODERATE HOUSING FUND**

June 30, 2012

**SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE COUNTY OF SAN DIEGO
AGREED UPON PROCEDURES – AB1484
LOW & MODERATE HOUSING FUND**

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES ON
THE LOW AND MODERATE INCOME HOUSING FUND**

Oversight Board of the Successor Agency
County of San Diego
San Diego, California 92101

We have performed the procedures enumerated below solely to assist in ensuring that the Successor Agency of the Redevelopment Agency of the County of San Diego is complying with its statutory requirements with respect to AB1484. Management of the Successor Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety Code Section 34179.5.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures with respect to AB1484.

Attachment A of this report identifies the results of the procedures performed.

Attachment B is an asset transfer listing.

Attachment C is an asset listing as of June 30, 2012.

Attachment D is non-liquid asset listing as of June 30, 2012.

Attachment E is an ATE balance schedule.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized in Attachment A through Attachment E. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the Oversight Committee, Management, California State Controller's Office, Department of Finance, and San Diego County Auditor-Controller, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
September 27, 2012

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

Procedures Applied

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.

Result:

The former Redevelopment Agency transferred the total asset amount of \$7,064,701 from LMIFH to the Successor Agency on February 1, 2012. This includes housing function assets of \$4,082,403 on February 1, 2012. See Attachment B for the listing of all assets that were transferred.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, performed the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No Low and Moderate Income Housing Fund (LMIHF) assets (excluding payments for goods and services) were transferred from the former Redevelopment Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

Result:

No LMIHF assets were transferred from the Successor Agency to the City, County, or City and County that formed the Redevelopment Agency for the period from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Not applicable. No LMIHF assets were transferred to the City, County, or City and County that formed the Redevelopment Agency for the period.

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

- A. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

Result:

No LMIHF assets were transferred from the former Redevelopment Agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012.

- B. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) [from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report

Result:

No LMIHF assets were transferred from the Successor Agency to any other public agency or to private parties for the period from February 1, 2012 through June 30, 2012.

- C. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

Result:

Not applicable. No LMIHF assets were transferred to any other public agency or to private parties for the period.

4. Procedure Perform the following procedures:

- A. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

- B. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

- C. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

- D. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.

Result:

This procedure is required as to the Successor Agency as a whole, it will be addressed in the report associated with all other funds of the Successor Agency that is due on December 15, 2012.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listings should be attached as an exhibit to the appropriate AUP report.

Result:

We found no exceptions as a result of the procedures performed. See Attachment C.

6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
- A. Unspent bond proceeds:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The successor agency did not have unspent bond proceeds.

- B. Grant proceeds and program income that are restricted by third parties:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

Result:

The successor agency did not have grant proceeds and program income restricted by third parties.

- C. Other assets considered to be legally restricted:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

Result:

The successor agency did not have other assets restricted by third parties.

- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

Result:

Procedures 6A, 6B, and 6C did not apply.

7. Perform the following procedures:

- A. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.

Result:

The values of non-liquid assets are based on the book value reflected in the accounting records of the Successor Agency. See Attachment D.

- B. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.

Result:

We found no exceptions as a result of the procedures performed.

- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

Result:

We found no exceptions as a result of the procedures performed.

- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

Result:

We found no exceptions as a result of the procedures performed.

8. Perform the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
- Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

Result:

No asset balances were retained to satisfy enforceable obligations.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
- i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

Result:

The procedure was not considered required as the successor agency believes future tax revenue and cash balances in the non-Low and Moderate Housing Income Fund will be sufficient to fund future obligations.

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
- i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

Result:

The procedure was not considered required as the successor agency believes future tax revenues and cash balances in the non-Low and Moderate Housing Income Fund will be sufficient to fund future obligations.

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures:
- i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.

Result:

Procedures 8A, 8B, and 8C did not apply.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT A – AGREED UPON PROCEDURE RESULTS

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

Result:

Successor agency does not need to retain cash balances in the Low and Moderate Income Housing Fund to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

Result:

We found no exceptions as a result of the procedures performed. See Attachment E.

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Result:

We found no exceptions as a result of the procedures performed.

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT B – ASSET TRANSFER LIST

County of San Diego Successor Agency
Asset Transfer List - Low & Moderate Income Housing Fund
February 1, 2012

Cash	\$	2,982,298
Accrued Interest Receivable		370,820
Loans Receivable		3,417,073
Prepaid items		294,510
	\$	<u>7,064,701</u>

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT C— ASSET LISTING AS OF JUNE 30, 2012

County of San Diego Successor Agency
Asset Listing - Low & Moderate Income Housing Fund
June 30, 2012

Cash	\$	2,985,135
Accrued Interest Receivable		373,526
Loans Receivable		3,417,073
Prepaid Items		294,510
	\$	<u>7,070,244</u>

COUNTY OF SAN DIEGO
AGREED-UPON PROCEDURES OF AB1484
ATTACHMENT D– NON-LIQUID ASSETS AS OF JUNE 30, 2012

County of San Diego Successor Agency
Non-Liquid Asset Listing - Low & Moderate Income Housing
Fund

June 30, 2012

Accrued Interest Receivable*	\$	370,820
Loans Receivable**		3,417,073
Prepaid Items**		294,510
	\$	<u>4,082,403</u>

* Accrued Interest Receivable of \$370,820 is interest accrued for Housing's loans receivable.

** Housing assets.

COUNTY OF SAN DIEGO
 AGREED-UPON PROCEDURES OF AB1484
 ATTACHMENT E- ATE BALANCES

V. 8-27-12

SUMMARY OF BALANCES AVAILABLE FOR ALLOCATION TO AFFECTED TAXING ENTITIES	LMIHF
Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$ 7,070,244
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(4,082,403) *
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	<u>(1,545,867)</u> [¶]
Amount to be remitted to county for disbursement to taxing entities	<u>\$ 1,441,974</u>

Note that separate computations are required for the Low and Moderate Income Housing Fund held by the Successor Agency and for all other funds held by the Successor Agency.

NOTES: For each line shown above, an exhibit should be attached showing the composition of the summarized amount.

If the review finds that there are insufficient funds available to provide the full amount due, the cause of the insufficiency should be demonstrated in a separate schedule.

* Total Assets of \$4,082,403 transferred to the entity that assumed the housing function previously performed by the former redevelopment agency subsequent to June 30, 2012.

Resolution No. _____
Meeting Date: _____

A RESOLUTION OF THE COUNTY
OF SAN DIEGO OVERSIGHT BOARD
RELATED TO THE LOW- AND
MODERATE-INCOME HOUSING FUND

WHEREAS, the County of San Diego Successor Agency prepared the due diligence review of the Low- and Moderate-Income Housing Fund of the dissolved County of San Diego Redevelopment Agency pursuant to Health and Safety Code section 34179.5; and

WHEREAS, pursuant to Health and Safety Code section 34179.6, the County of San Diego Successor Agency provided the due diligence review of the Low- and Moderate-Income Housing Fund to the Oversight Board for its review, and the Oversight Board convened a public comment session on the due diligence review on October 5, 2012.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the due diligence review of the Low- and Moderate-Income Housing Fund, as referenced in Attachment A, is approved.

IT IS FURTHER RESOLVED that by October 15, 2012, the County of San Diego Successor Agency shall transmit to the state Department of Finance and the County Auditor and Controller the determination of the amount of cash and cash equivalents in the Low- and Moderate-Income Housing Fund that are available for disbursement to taxing entities as determined by the due diligence review.

Approved as to Form and Legality
By Valerie Tehan, Oversight Board Counsel



COUNTY OF SAN DIEGO

AGENDA ITEM

COUNTY OVERSIGHT BOARD

COUNTY OVERSIGHT BOARD

JO MARIE DIAMOND

DR. BONNIE DOWD

KATHY KASSEL

SCOTT PATTERSON

MARIO SANCHEZ

ROBERT SCHIWITZ

MATT SCHNEIDER

DATE: October 12, 2012

F2

TO: County of San Diego Oversight Board

SUBJECT: ADOPT A RESOLUTION APPROVING THE REVISED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY-JUNE 2013

SUMMARY:

Overview

On August 23, 2012, the Oversight Board approved the Recognized Obligation Payment Schedule for January-June 2013 (ROPS III). ROPS III was transmitted to the State Department of Finance (DOF) and other required regulatory agencies prior to the September 1, 2012 deadline. On October 4, 2012, the DOF analyst verbally notified the Successor Agency that the requested cash flow reserve of \$1.2 million was not approved and that the County Airport Enterprise Fund Loan Agreement was not a valid Enforceable Obligation.

In response to the verbal notification, Successor Agency staff will prepare a revised ROPS III for discussion and approval.

Recommendation(s)

COUNTY SUCCESSOR AGENCY

Adopt the resolution entitled, A RESOLUTION OF THE COUNTY OF SAN DIEGO OVERSIGHT BOARD RELATED TO THE REVISED THIRD RECOGNIZED OBLIGATION PAYMENT SCHEDULE.

Fiscal Impact

N/A

BACKGROUND:

On August 23, 2012, the Oversight Board approved the Recognized Obligation Payment Schedule for January-June 2013 (ROPS III). ROPS III was transmitted to the State Department of Finance (DOF) and other required regulatory agencies prior to the September 1, 2012 deadline. On October 4, 2012, the DOF analyst verbally notified the Successor Agency that the requested cash flow reserve of \$1.2 million was not

**SUBJECT: ADOPT A RESOLUTION APPROVING THE REVISED RECOGNIZED
OBLIGATION PAYMENT SCHEDULE FOR JANUARY-JUNE 2013**

approved and that the County Airport Enterprise Fund Loan Agreement was not a valid Enforceable Obligation.

In response to the verbal notification, Successor Agency staff will prepare a revised ROPS III for discussion and approval. The revision is not available for distribution before the meeting; copies will be available for Oversight Board members and members of the public at today's meeting.

Respectfully submitted,

WALTER F. EKARD

A handwritten signature in blue ink, appearing to read 'W. F. Ekard', with a stylized flourish at the end.

By
DAVID ESTRELLA
Deputy Chief Administrative Officer

ATTACHMENT(S)

- A - Revised ROPS III for discussion and approval (to be distributed at meeting on Oct. 12, 2012)
- B - Resolution

SUBJECT: ADOPT A RESOLUTION APPROVING THE REVISED RECOGNIZED
OBLIGATION PAYMENT SCHEDULE FOR JANUARY-JUNE 2013

PREVIOUS RELEVANT BOARD ACTIONS:

August 23, 2012, approved Third Recognized Obligation Payment Schedule (ROPS) (January-July 2013) and adopted Resolution Related to the Third Recognized Obligation Payment Schedule.

CONTACT PERSON(S):

Kaye Hobson

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Phone

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A-6

Mail Station

Kaye.Hobson@sdcounty.ca.gov

E-mail

Resolution No. _____
Meeting Date: _____

A RESOLUTION OF THE COUNTY
OF SAN DIEGO OVERSIGHT BOARD
RELATED TO THE REVISED THIRD RECOGNIZED
OBLIGATION PAYMENT SCHEDULE

WHEREAS, the County of San Diego Successor Agency prepared and, on August 23, 2012, the County of San Diego Oversight Board approved, the recognized obligation payment schedule for the period of January 1, 2013 through June 30, 2013 (the third recognized obligation payment schedule) pursuant to Health and Safety Code section 34177(l); and

WHEREAS, pursuant to Health and Safety Code section 34171(h), the recognized obligation payment schedule lists the minimum amounts and due dates of payments to be made by the Successor Agency as required by enforceable obligations during the six-month period covered by the recognized obligation payment schedule; and

WHEREAS, pursuant to Health and Safety Code section 34177(m), the third recognized obligation payment schedule was submitted to the Department of Finance on August 24, 2012, for its review; and

WHEREAS, the Department of Finance determined that two items listed on the third recognized obligation payment schedule did not qualify as enforceable obligations under Health and Safety Code section 34171(d); and

WHEREAS, the Successor Agency has, accordingly, prepared a revised third recognized obligation payment schedule and submitted it to the Oversight Board for its approval.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the revised third recognized obligation payment schedule attached hereto is approved.

IT IS FURTHER RESOLVED that the revised third recognized obligation payment schedule shall be submitted to the Successor Agency no later than October 12, 2012.

IT IS FURTHER RESOLVED that Successor Agency staff may make non-substantive revisions or changes to the revised third recognized obligation payment schedule as required by the Department of Finance or County Auditor and Controller.

Approved as to Form and Legality
By Valerie Tehan, Oversight Board Counsel